

SYSTEMS, METHODS AND COMPUTER PROGRAM PRODUCTS FOR
PERFORMING A GENERALIZED CONTINGENT CLAIM VALUATION

ABSTRACT OF THE DISCLOSURE

Systems, methods and computer program products for performing a valuation of a contingent claim are provided that initially determine the present value distribution of contingent future benefits that is attributable to the exercise of a contingent claim. In this regard, the distribution of contingent future benefits is discounted according to a first discount rate, such as the weighted average cost of capital. The present value of a contingent future investment required to exercise the contingent claim is also determined based upon another appropriate discount rate, such as a risk-free rate of discounting. An average of the difference between the present value distribution of contingent future benefits and the present value of the contingent future investment is determined. By utilizing appropriate discount rates, the benefits and investment can be effectively valued, which, in turn, permits the contingent claim project to be effectively valued in an intuitive manner.

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